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TO USDEL SECRETARY IMMEDIATE 5556

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UNCLAS SECTION 1 OF 3 STATE 041766/1 TOSEC 040153

FOR FUNSETH FROM S/PRS

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E.O. 11652: N/A

TAGS: SOPN .KISSINGER, H. A.)

SUBJECT: AFTERNOON AND EVENING TRAVELING PRESS REPORTAGE,
FRIDAY, FEBRUARY 20, 1976

NO. 12

NEW-PAPERS

CHICAGO DAILY NEWS (GRUENBERG), LIMA, FEB 19: HAK WARNED
PERU THAT NEUTRAL NATIONS TRYING TO PROTECT THEMSELVES FROM
GREAT POWERS BECOME "RIGID CONFRONTATIONISTS" BLOCS THEM-
SELVES.

"PERU HAS CHOSEN A NON-ALIGNED PATH," HE DECLARED IN A TOAST
LAST NIGHT TO FM DE LA FLOR.

"THE U.S. ACCEPTS NON-ALIGNMENT AS A LEGITIMATE COURSE,"
SAYING AMERICAN INTERESTS ARE "WELL-SERVED BY A WORLD OF
THRIVING INDEPENDENT STATES."

"YET TOO OFTEN NATIONS WHICH CHOOSE NON-ALIGNMENT TO SHIELD
THEMSELVES FROM PRESSURES OF POWERFUL GLOBAL BLOCS HAVE
TENDED TO FORM A RIGID, IDEOLOGICAL CONFRONTATIONIST BLOC
OF THEIR OWN.

VARIETY OF WORLD'S NATIONS IS TOO GREAT, AND OUR COMMON
PROBLEMS TOO URGENT FOR SUCH OUTMODED PRACTICES... IF OUR
REALISM GIVES WAY TO PASSION, WE RUN THE RISK OF DECEIVING
OURSELVES AND OF LOSING WHAT WE SEEK TO ACHIEVE FOR OUR
PEOPLES."

HAK'S WORDS CAME ONLY HOURS BEFORE HE LEFT FOR 3 DAYS OF
MEETINGS WITH BRAZIL'S RIGHTIST MILITARY DICTATORSHIP AND
AFTER HE APPARENTLY FOUND THAT PERU DOES NOT APPROACH
"NEW" CUBAN THREAT WITH SAME GRAVITY THAT HE DOES.

2. CHICAGO DAILY NEWS (GRUENBERG), BRASILIA, FEB. 20.
SECRETARY HAS DISCLOSED THAT U.S. TOMORROW WILL SIGN A
LANDMARK AGREEMENT WITH BRAZIL TO ESTABLISH A JOINT CON-
SULTATIVE BODY.

IT WILL BE COMPOSED OF DIPLOMATIC TEAMS THAT WILL MEET
PERIODICALLY TO DISCUSS IN CONCRETE TERMS, FREE OF IDEO-
LOGICAL RHETORIC, THREE MAJOR AREAS HE PROPOSED.

BRAZIL MUST LOOK BEYOND ITS OWN HORIZONS AS A MAJOR POWER
IN LA, SECRETARY SAID ON ARRIVAL. IT MUST BE A LEADER OF
THIRD WORLD, AND TAKE FULL PARTNERSHIP WITH U.S. ON WORLD
STAGE.

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IT IS BIG ENOUGH, RICH ENOUGH AND SUFFICIENTLY INDUSTRIALIZED TO BE COUNTED ON TO "MEET FUNDAMENTAL CHALLENGES" THAT HISTORY HAS THRUST UPON WORLD, AND -- ALTHOUGH HAK DID NOT SAY SO DIRECTLY -- TO DEAL WITH PROBLEM OF CUBA'S DANGEROUS AND IRRESPONSIBLE ACTIONS.

AND U.S. IS PREPARED AT EVERY TURN TO HELP. FIRST BY CLEARING AWAY UNDERBRUSH OF TRADE AND ECONOMIC POLICY DIFFERENCES THAT DIVIDE BRAZIL AND AMERICA, THEN RENDERING MUCH-SOUGHT "TRANSFER OF TECHNOLOGY" TO THIS COUNTRY, AND FINALLY CONSULTING TOGETHER "ON ALL MAJOR EVENTS..."

THIS WAS THRUST OF HAK'S DECLARATION LAST NIGHT AT A DINNER GIVEN BY FONMIN SILVEIRA, IN A LAND RULED BY RIGHT-WING MILITARY TECHNOCRATS.

THE SPEECH, ACCORDING TO STATE DEPT OFFICIAL, IS SECOND OF TWO SPECIALLY SIGNIFICANT MESSAGES THAT HAK WAS DETERMINED TO CONVEY TO HEMISPHERE DURING HIS 9-DAY LA "NEW DIALOG" DELIVERY THAT BEGAN MONDAY.

A WARNING THAT TIME IS LONG PAST FOR RHETORIC AND INTER-NECINE SQUABBLING, AND NECESSITY IS FOR LAS TO WORK TOGETHER IN ORGANIZING THEIR OWN HOUSE, AND WITH NONE OF

SUSPICIONS THEY SEE IN U.S. COOPERATION.

SUMMONS BRAZIL TO "CHALLENGE OF PEACE AND PROSPERITY" HAK DECLARED: "ALL NATIONS WHICH VALUE INDEPENDENCE MUST RECOGNIZE AND OPPOSE ATTEMPTS TO UPSET GLOBAL EQUILIBRIUM ON WHICH DIGNITY AND SECURITY OF NATIONS DEPENDS. PEACE CANNOT SURVIVE ATTEMPTS TO EXPLOIT TURBULENT LOCAL SITUATIONS FOR UNILATERAL POLITICAL OR MILITARY ADVANTAGE.

"WE CANNOT ACCEPT DISPATCH OF LARGE EXPEDITIONARY FORCES AND VAST AMOUNTS OF WAR MATERIEL TO IMPOSE SOLUTIONS IN LOCAL CONFLICTS ON FARAWAY CONTINENTS. NOR CAN WE BE INDIFFERENT IF A NATION OF THIS HEMISPHERE MAKES IT A SYSTEMATIC PRACTICE TO INTERVENE TO EXACERBATE SUCH CONFLICTS AROUND GLOBE.

"U.S. IS DETERMINED, AS A MATTER OF PRINCIPLE, TO RESIST SUCH DANGEROUS AND IRRESPONSIBLE ACTIONS," HE ADDED.

UNMENTIONED IN HAK ADDRESS WAS ANY HINT OF IRONY APPARENT IN HIS SEEKING HELP OF BRAZIL AGAINST CUBA'S ANGOLAN ADVENTURE WHEN BRAZIL WAS HEMISPHERE'S FIRST NATION TO RECOGNIZE MPLA.

STATE DEPT OFFICIAL SAID U.S. DID NOT EXPECT NEW AGREEMENT

BY KISSINGER TO AFFECT ITS TIES WITH ITS NEIGHBORS. SOME OF THEM ALREADY FEAR WHAT THEY REGARD AS "EXPANSIONIST" AMBITIONS BY BRAZIL.

NOR DO STATE DEPT OFFICIALS BELIEVE NEW RELATIONSHIP SUGGESTED BY HAK WILL AFFECT BRAZIL'S TIES WITH GROUP OF 77.

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TELEGRAM**Foreign Service of the
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IN ITS CALL TO BRAZIL FOR A NEW ROLE -- BECAUSE, IN HAK'S WORDS, IT IS "EMERGING ON WORLD SCENE ... ASTRIDE GREAT INTERNATIONAL CHALLENGE OF OUR TIME, GAP BETWEEN DEVELOPED AND DEVELOPING WORLDS" -- U.S. WILL NOT ASK FOR "AUTOMATIC UNANIMITY," HAK SAID.

AND, HE TEMPERED VISION OF GREAT NORTH AND SOUTH NATIONS MARCHING SHOULDER TO SHOULDER TO PUT THINGS ARIGHT.

HE ASSERTED THAT WHILE COMMUNIST WORLD IS "FRAGMENTED AND BESET WITH ECONOMIC DIFFICULTIES," AND "BIPOLAR ORDER OF LAST GENERATION HAS ERODED," RUSSIANS ARE STILL A MILITARY

SUPERPOWER. NOT EVEN COUNTRIES AS VAST AS U.S. AND BRAZIL CAN HOPE TO IMPOST UNILATERAL SOLUTIONS ON WORLD'S PROBLEMS HE SAID.

NEW CONSULTATIONS WOULD COVER SUCH STICKY U.S.-BRAZILIAN ISSUES AS PLACING OF EXTRA TARIFFS ON COMPETING BRAZILIAN IMPORTS, AND TO EXPLORE WHERE U.S. CAN HELP OIL DEPENDENT BRAZIL IN ENERGY FIELD.

SECOND AREA IS A THORNY ONE INASMUCH AS RECENT INSISTENCE BY U.S. ON ADHERENCE TO GUIDELINES GOVERNING EXPORT OF URANIUM-ENRICHING TECHNOLOGY HAS SENT BRAZILIANS SHOPPING IN WEST GERMAN MARKET.

WIRES

1. AP (FREED), BRASILIA. BRAZILIAN OFFICIALS TOLD HAK THEY WILL OPPOSE PRICE-FIXING EFFORTS BY NATIONS PRODUCING ESSENTIAL RAW MATERIALS, U.S. OFFICIAL SAID.

THIS IS IMPORTANT BECAUSE BRAZIL IS A MAJOR PRODUCER OF SUCH COMMODITIES AS IRON ORE AND BAUXITE.

ECONOMIC MATTERS DOMINATED HAK'S TALKS TODAY, PARTICULARLY TRADE PROBLEMS.

OFFICIAL INDICATED TODAY'S DISCUSSIONS DID NOT SOLVE CONFLICTS.

AT HEART OF MATTER IS \$1.6 BILLION DEFICIT BRAZIL SUFFERS IN ITS BALANCE OF TRADE WITH U.S.

OFFICIAL SAID SEVERAL POSSIBLE SOLUTIONS WERE MENTIONED BUT NO AGREEMENT WAS REACHED.

NEITHER WAS THERE A METTING OF MINDS IN DISCUSSING RELATED PROBLEM OF AMERICAN SPECIAL DUTIES ON GOODS SUBSIDIZED BY BRAZILIAN GOVT.

BRAZILIAN OFFICIALS REPEATED THEIR COMPLAINT THAT AMERICAN COUNTERVAILING DUTIES ARE UNFAIR AND PREVENT MANUFACTURERS FROM MAKING LONG-TERM INVESTMENT AND MARKETING DECISIONS.

HAK REPORTEDLY TOLD HIS HOSTS HE IS SYMPATHETIC BUT CAN'T MAKE ANY PROMISES BECAUSE COUNTERVAILING DUTIES ARE IMPOSED AUTOMATICALLY UNDER 1974 U.S. TRADE ACT.

IN DISCUSSING BRAZIL'S DECISION TO OPPOSE COMMODITY CARTELS OFFICIAL SAID ACTION WAS TAKEN ONLY IN TERMS OF PRODUCER AGREEMENTS.

HE SAID BRAZILIANS EXCLUDED ANY INTERNATIONAL AGREEMENTS UNDER WHICH PRODUCER AND CONSUMER NATIONS SET PRICE STRUCTURES.

THIS IS CASE OF ACCORDS TO SET COFFEE PRICES AND U.S. AGREES.

TO ILLUSTRATE IMPORTANCE OF BRAZILIAN ACTION, U.S. OFFICIAL POINTED OUT THAT U.S. NOW IMPORTS 8 MILLION TONS OF BRAZILIAN-PRODUCED IRON ORE A YEAR.

2. UPI, BRASILIA. BRAZIL ASSURED HAK FRIDAY IT WOULD NOT JOIN ANY CARTEL ALLOWING NATIONS RICH IN RAW MATERIALS TO PUT A PRICE SQUEEZE ON INDUSTRIAL NATIONS.

HAK, WHO HAS URGED BRAZIL TO ASSUME A BIGGER ROLE IN HEMISPHERIC AND WORLD AFFAIRS, WORKED OUT FINAL DETAILS FRIDAY OF A BILATERAL TRADE AGREEMENT UNPRECEDENTED IN HISTORY OF U.S.-LA RELATIONS.

AGREEMENT CALLS FOR REGULAR CONSULTATIONS BETWEEN BRASILIA AND WASHINGTON. IT WILL BE SIGNED SATURDAY

A "COMMODITIES CLASH" HAS THREATENED TO BECOME WORLD'S NEXT ECONOMIC HEADACHE.

FOR MANY POOR NATIONS, ONLY IMMEDIATE WAY TO ESCAPE POVERTY IS TO RAISE PRICES OF RAW MATERIALS THEY EXPORT AND KEEP THEM UP. HOW THEY DO IT -- AND WHETHER WEST HELPS THEM -- WILL DETERMINE WHETHER A REAL "COMMODITIES CLASH" DEVELOPS.

HAK SPENT DAY CONFERRING WITH BRAZILIAN LEADERS. HE TOLD HIS HOSTS A SPECIAL GROUP ON ENERGY WILL BE FORMED AS PART OF HIGH-LEVEL U.S.-BRAZILIAN CONSULTATIVE COMMITTEE.

HAK'S TALKS INCLUDED MEETINGS WITH PRESIDENT GEISEL AND TOP ADVISER, SILVA. HE TOLD THEM ADMINISTRATION HAS OFFICIALLY ENDORSED NEW INTERNATIONAL COFFEE AGREEMENT RAISING PRICES.

TALKS ALSO COVERED A WIDE RANGE OF ISSUES, INCLUDING SUCH MATTERS AS CUBA, ANGOLA AND LATIN AMERICA. EMPHASIS WAS ON ECONOMICS...

3. REUTERS (NELSON), BRASILIA, FEB. 20. HAK HAS OUTLINED A NEW POLICY FOR U.S. COOPERATION IN LA BUT SPECIAL EMPHASIS

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ON TIES WITH BRAZIL MAY ALARM OTHER STATES.

NEW POLICY APPEARS TO BE THIS: U.S. WILL DEVOTE CAPITAL AND TECHNOLOGY TO SPONSORING MORE INDUSTRIALIZED NATIONS OF CONTINENT IN THEIR EFFORTS TO COMPETE IN DEVELOPED WORLD.

WILL SEEK TO COOPERATE WITH RADICAL MILITARY GOVT OF PERU. COOPERATION IT REGARDS AS SYMBOL OF ITS ABILITY TO WORK WITH THIRD WORLD.

WILL CONTINUE TO CONTRIBUTE OUTRIGHT FOREIGN AID TO POOREST LA NATIONS.

WILL PRESERVE COLLECTIVE SECURITY ARRANGEMENTS THAT PROTECT GOVTS OF SMALLEST NATIONS FROM EXTERNAL AGGRESSION.

RISKS IN NEW POLICY LIE IN ESTABLISHMENT. DISCLOSED BY HAK YESTERDAY OF SPECIAL CONSULTATIVE RELATIONSHIP WITH BRAZIL WHOSE AMBITIONS IN SOUTH AMERICA ARE SOURCE OF FEAR TO ITS IMMEDIATE NEIGHBORS.

SINCE THOSE NEIGHBORS INCLUDE EVERY SOUTH AMERICAN NATION EXCEPT CHILE AND ECUADOR, U.S. OFFICIALS ARE READY FOR WIDESPREAD ALARM.

HAK SAID HERE LAST NIGHT THAT NEW U.S.-BRAZIL CONSULTATIVE COMMISSION -- UNIQUE IN WESTERN HEMISPHERE -- WOULD HAVE THREE BROAD SUBJECTS; TRADE, TRANSFER OF TECHNOLOGY AND WORLD PROBLEMS.

U.S. OFFICIALS SOUGHT YESTERDAY TO ALLAY SUSPICIONS THAT U.S. WAS AGAIN APPOINTING BRAZIL, LARGEST NATION OF LA, AS LEADER OF CONTINENT.

SPECIAL RELATIONSHIP, WHICH WILL INVOLVE TWO MEETINGS A YEAR AT FM LEVEL, IS SIMPLY RECOGNITION OF BRAZIL'S DRAMATIC EMERGENCE AS A WORLD ECONOMIC POWER, U.S. OFFICIALS SAID. IT WAS NOT INTENDED TO OFFEND ARGENTINA.

NOTE: CHICAGO TRIBUNE DID NOT ARRIVE. MACLEAN STORY IN BOSTON GLOBE FROM BRASILIA FOLLOWS.

"U.S., BRAZIL TO SIGN CONSULTATIVE PACT". U.S. USHERED BRAZIL INTO FRONT RANK OF WORLD POWERS YESTERDAY WITH ANNOUNCEMENT HERE OF AN AGREEMENT TO CONSULT REGULARLY ON POLITICAL AND ECONOMIC MATTERS.

AGREEMENT SINGLE OUT BRAZIL AS LATION NATION CAPABLE OF HANDLING WORLD ROLE. OBSERVERS HERE FELT SURE THIS WILL CAUSE A BACKLASH AMONG OTHER LA NATIONS, SIMILAR TO RESENTMENT EXPRESSED IN 1971 WHEN PRESIDENT NIXON REMARKED, "AS BRAZIL GOES, SO GOES LATIN AMERICA."

HAK IN ANNOUNCING AGREEMENT ACKNOWLEDGED PRIMARY IMPORTANCE OF BRAZIL, ECONOMIC GIANT OF SA.

HAK AND BRAZILIAN OFFICIALS PLAN TO SIGN CONSULTATIVE AGREEMENT TOMORROW. IT IS SIMILAR TO AGREEMENT U.S. HAS WITH JAPAN AND SAUDI ARABIA, BUT FALLS FAR SHORT OF CONSULTATIONS U.S. HAS WITH ITS EUROPEAN ALLIES.

HAK TOLD HIS BRAZILIAN HOSTS THAT THEIR NATION STANDS ASTRIDE MAJOR INTERNATIONAL CHALLENGE; "GAP BETWEEN DEVELOPED AND DEVELOPING WORLDS."

"BRAZIL, WHICH IS ITSELF BOTH INDUSTRIAL AND DEVELOPING, MORRORS WORLD IN ITS VASTNESS, DIVERSITY, AND POTENTIAL", HAK SAID.

"OURS WILL NOT BE A RELATIONSHIP OF AUTOMATIC UNANIMITY BUT EQUALITY."

HAK THEN LISTED A NUMBER OF AREAS WHERE BRAZIL AND U.S. ALREADY WERE COOPERATING WITH EACH OTHER.

BUT NEW AGREEMENT TAKES THIS COOPERATION A LONG STEP FARTHER.

"OUR JOINT EFFORTS COULD WELL MEAN DIFFERENCES THAT ENSURES SUCCESS IN WORLD COUNCILS OF FUTURE," HE SAID. AGREEMENT CALLS FOR CONSULTATIONS ON TRADE, TECHNOLOGICAL TRANSFER, AND "FULL RANGE OF POLITICAL CONSIDERATIONS."

IF ENERGETICALLY PURSUED, HAK SAID, BRAZILIAN AND U.S. COOPERATION MAY REACH INTO SPACE EXPLORATION, DEVELOPMENT OF OCEAN REASOURCES AND ENERGY.

HAK SAID HE WELCOMES BRAZIL IN ITS NEW ROLE "IN FRONT RANK OF NATIONS." HE SAID U.S. AND BRAZIL COMPLEMENT EACH OTHER'S CONCERNS, WITH MAJOR CONCERN OF U.S. BEING WORLD PEACE, AND OF BRAZIL ECONOMIC GROWTH OF DEVELOPING NATIONS.

AMERICAN OFFICIALS SAID CONSULTATIVE AGREEMENT WAS NOT INTENDED TO SLIGHT OTHER IMPORTANT LATIN NATIONS.....

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